

SILVA & ASSOCIATES, LLC

Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Board of Directors
Southeastern Louisiana University
Development Foundation, Inc.
Hammond, Louisiana

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/24/07

We have performed the procedures enumerated below, which were agreed to by management of the Southeastern Louisiana University Development Foundation, Inc. (the "Foundation"), the Board of Supervisors of the Louisiana State University System, the Louisiana Board of Regents, and the Legislative Auditor of the State of Louisiana, solely to assist the users in evaluating management's assertion about the effectiveness of the Foundation's internal control structure over compliance with requirements concerning the Endowed Chair and Professorship Program (the "Program") during the year ended June 30, 2006. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Procedures and Findings

1. Determine that the Program funds have been managed in compliance with the provisions set forth in the Louisiana Board of Regents Statement of Investment Policy and Objectives.

We obtained the written investment policy statement that has been adopted by the Foundation and noted that such policy encompasses the Louisiana Board of Regents' requirements. In addition, the Foundation has hired outside professional investment managers to help provide assurance that the policies are followed. Finally, we tested compliance with the policies and noted substantial compliance with such policies.

2. Determine that the annual financial reports for the Program submitted to the Board of Regents were accurate and agreed to the accounting records of the Foundation.

We tested agreement of the annual reports to the Foundation's accounting records and noted no significant exceptions.

3. Determine that the income of the endowments was used as salaries or as a supplement for salaries or for other expenses related to scholarly work for eligible faculty members.

We obtained a copy of the Foundation's spending plan for endowment spending and verified that it is in compliance with the Board of Regents Statement of Policy and Objectives. We reviewed the register noting that the only activity for the current year was earnings on investments. The Foundation was not required to remit any expenditures during the year ended June 30, 2006.

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4. Determine that the Foundation complied with all provisions of the Funds Management Agreement with the University.

We obtained a copy of the Funds Management Agreement between the Southeastern Louisiana University Foundation, Inc. and Southeastern Louisiana University. We determined that the Foundation was in compliance with provisions of the agreement.

5. Determine that investment earnings generated from pooled assets involving endowed chair or professorship money have been properly allocated to the chairs and professorships in accordance with the Louisiana Board Regents Statement of Investment Policy and Objectives.

We tested the allocation of investment earnings to the chairs and professorships. Allocations tested were in accordance with the Louisiana Board of Regents Statement of Investment Policy and Objectives.

6. Determine that the value of the state funds held by the Foundation is reported as a liability in the Foundation's financial statements. Determine that the amount in the Foundation's financial statements is equal to the amount in the University's books.

We verified that the value of the state funds held by the Foundation was reported as a liability in the Foundation's audited financial statements. We verified the value of the state funds held by the Foundation was reported as a liability in the Foundation's audited financial statements. We confirmed the balance recorded in the University's books as of June 30, 2006 with Nettie Burchfield, Southeastern Louisiana University Controller. The reported value of state funds held by the Foundation as recorded in the University's books is \$1,381,918 as of June 30, 2006.

7. Provide the fair value (audited) at June 30, 2006 and June 30, 2005 of the University investment (state funds only) held by the Foundation.

The audited fair value at June 30, 2006 and June 30, 2005 of the University investments held by the Foundation was \$1,381,918 and \$1,340,185, respectively.

8. Provide a description of the types of investments held by the Foundation for the University (debt securities, equity securities, governmental securities, interest-earning investment contracts, etc.)

Based on the internal listing provided by the Foundation, and tested by the confirming 100% of the Foundation's investments, the following is a description of the types of investments held by the Foundation for the University: money market funds, debt securities, equity securities, and governmental securities.

9. Provide a description of the methods, assumptions, and/or sources used to determine fair value for all individual types of investments of the University.

Sources used to determine fair market value of investments include monthly investment statements prepared by external securities brokerage and clearing firms, Capital One and Argent Trust, who uses stated market prices.

10. Provide a brief description of any regulatory oversight for the investment pool and whether the fair value of the position in the pool is the same as the value of the pool shares.

Capital One and Argent Trust are SEC-registered and are therefore subject to regulatory oversight. The fair value of the position in the pool is the same as the value of the pool shares.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on management's assertion. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and board of directors of the Southeastern Louisiana University Foundation, Inc., management and the board of supervisors of the Louisiana State University System, the Louisiana Board of Regents, and the Legislative Auditor, State of Louisiana, and should not be used by anyone other than these specified parties.

Silva & Associates, LLC

December 15, 2006